

The Honorable Marsha J. Pechman

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

CITY OF SEATTLE, a first-class charter city,	)	
	)	
Plaintiff,	)	No. C07-1620MJP
	)	
v.	)	DECLARATION OF ARTHUR M. AARON
	)	
THE PROFESSIONAL BASKETBALL CLUB,	)	
LLC, an Oklahoma limited liability company,	)	
	)	
Defendant.	)	

Arthur M. Aaron declares as follows:

1. I am the Chief Operating Officer of ICON Venue Group, LLC of Greenwood Village, Colorado. I have personal knowledge of and am competent to testify to the matters stated herein.
2. Attached hereto as Exhibit 1 is a true and correct copy of ICON's Financial Projections for Sonics Relocation to Ford Center Presented to the Professional Basketball Club, LLC on February 29, 2008, as Supplemented March 17, 2008.
3. Attached hereto as Exhibit 2 is a true and correct copy of ICON's Seattle Supersonics Arena Project Key Facts and Messages, dated January 3, 2007.
4. Attached hereto as Exhibit 3 is a true and correct copy of ICON's report for private arena, dated April 2007.

DECLARATION OF ARTHUR M. AARON (C07-1620MJP) - 1

BYRNES & KELLER LLP  
38TH FLOOR  
1000 SECOND AVENUE  
SEATTLE, WASHINGTON 98104  
(206) 622-2000


5. ICON Venue Group is in the business of providing consulting services relating to the development of professional sports facilities, and regularly provides its clients with written reports containing ICON's analyses relating to the development of such venues.

6. As part of ICON's business, and in the regular course of ICON's business, I assisted in the preparation by ICON personnel of the attached documents for the Professional Basketball Club, LLC ("PBC"), and these documents reflect ICON's financial projections and related analyses pertaining to the PBC's operating at a new arena in the Puget Sound region, or at the Ford Center in Oklahoma.

7. The copies attached hereto are true and correct copies of documents maintained by ICON in its business records as part of its normal record keeping procedures.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Greenwood Village, Colorado, this 12<sup>th</sup> day of June, 2008.

  
Arthur M. Aaron

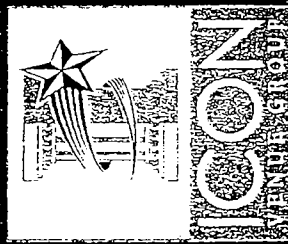
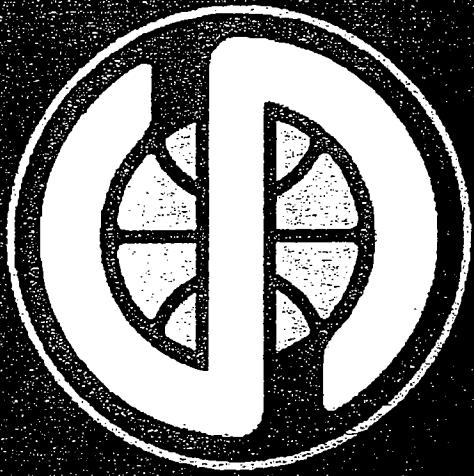
1  
2  
3  
4  
5  
6  
7  
8  
9  
0  
1  
2  
3  
4  
5  
6  
7  
8  
9  
0  
1  
2  
3  
4  
5  
6

Thomas A. Carr ([thomas.carr@seattle.gov](mailto:thomas.carr@seattle.gov))  
Gregory C. Narver ([gregory.narver@seattle.gov](mailto:gregory.narver@seattle.gov))  
Seattle City Attorney  
600 Fourth Avenue, 4th Floor  
P.O. Box 94769  
Seattle, WA 98124-4769

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

# **EXHIBIT 1**



DEFENDANT'S  
EXHIBIT

CASE NO. 07-1620MJP

EXHIBIT NO. 586

FINANCIAL PROJECTIONS FOR  
SONICS RELOCATION TO FORD CENTER  
PRESENTED TO THE PROFESSIONAL BASKETBALL CLUB, LLC  
FEBRUARY 29, 2008, AS SUPPLEMENTED MARCH 17, 2008

PBC107628

The following report outlines the financial projections prepared by ICON Venue Group for the SuperSonics ("Team") for a five year period beginning with the 2008-2009 season at a renovated Ford Center in Oklahoma City, Oklahoma. The renovations for Ford Center are assumed to be started in the summer of 2008, with significant renovations associated with increased revenue opportunities to be completed prior to the start of the 2009-2010 season and all renovations to be completed for the start of the 2010-2011 season.

Assumptions used to develop the financial projections for the Team at the Ford Center are based on the recently completed market feasibility study done by Conventions Sports & Leisure ("CSL"), the proposed renovation plan for the Ford Center, date of planned Team move and ICON's analysis.

Key assumptions used in the projections include, but are not limited to the following:

- The arena will contain approximately 18,500 seats for basketball games and comprise over 740,000 square feet.
- The renovated arena will contain 7 Courtside suites, 40 Luxury suites, 48 Loge Boxes and roughly 2,800 club seats.
- The building will be owned by the City of Oklahoma City.
- Professional and experienced facility management will manage the facility.
- The Team will practice at a new standalone facility.
- Team business operations will office at Ford Center.
- Projections reflect terms of the proposed letter of intent dated March 14, 2008 between the City of Oklahoma City and the Team.

The presentation of the financial projections is divided into the following components:

- Operating Statement
- Operating Revenues
- Operating Expenses

# OPERATING STATEMENT

OKLAHOMA CITY  
Operating Statement

Pro Forma Financials (Dollars in Millions)	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Operating Revenue</b>					
Premium Revenues	\$ 10.9	\$ 16.7	\$ 17.1	\$ 17.4	\$ 17.5
Team Ticket Revenues	\$ 31.6	\$ 31.1	\$ 32.7	\$ 33.6	\$ 34.7
Local Media	\$ 9.0	\$ 9.3	\$ 9.6	\$ 9.9	\$ 10.2
NBA Revenues	\$ 35.8	\$ 37.0	\$ 37.9	\$ 38.9	\$ 40.1
Preseason Revenues	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0
Sponsorship Revenues	\$ 7.5	\$ 7.8	\$ 8.1	\$ 8.4	\$ 8.7
Concessions (Net)	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.4
Merchandise (Net)	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.8
Restaurant & Bar (Net)	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Parking	\$ .	\$ .	\$ .	\$ .	\$ .
Ticket Surcharge	\$ .	\$ .	\$ .	\$ .	\$ .
Arena Naming Rights	\$ 2.0	\$ 3.0	\$ 3.5	\$ 3.6	\$ 3.7
Practice Facility Naming Rights	\$ .	\$ .	\$ 0.1	\$ 0.1	\$ 0.1
Founding Sponsors	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.3
State Economic Incentives	\$ 4.1	\$ 4.2	\$ 4.5	\$ 4.7	\$ 4.9
Miscellaneous Revenue (Production, Rebates, etc.)	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3
<b>Total Operating Revenue</b>	<b>\$ 108.1</b>	<b>\$ 116.5</b>	<b>\$ 121.1</b>	<b>\$ 124.5</b>	<b>\$ 128.0</b>
<i>Operating Revenue Growth</i>		8%	4%	3%	3%
<b>Operating Expense</b>					
Staff Salary and Payroll	\$ 7.1	\$ 7.3	\$ 7.4	\$ 7.6	\$ 7.7
Team Management Salaries	\$ 8.6	\$ 8.8	\$ 8.9	\$ 9.1	\$ 9.3
Player Salaries	\$ 58.2	\$ 61.1	\$ 64.8	\$ 68.7	\$ 72.8
Benefits	\$ 9.4	\$ 10.1	\$ 11.0	\$ 11.9	\$ 12.9
Team Operations	\$ 5.3	\$ 5.4	\$ 5.6	\$ 5.7	\$ 5.8
NBA Gate Fee	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.5
General and Administrative	\$ 5.1	\$ 5.2	\$ 5.3	\$ 5.4	\$ 5.5
Practice Facility	\$ .	\$ .	\$ 0.2	\$ 0.2	\$ 0.2
Insurance	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
Selling and Promotional Expenses	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0
Arena Rent	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8
Other City Payments	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Parking	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
<b>Total Operating Expense</b>	<b>\$ 100.8</b>	<b>\$ 105.0</b>	<b>\$ 110.5</b>	<b>\$ 116.0</b>	<b>\$ 121.7</b>
<i>Operating Expense Growth</i>		4%	5%	5%	5%
<b>EBITDA</b>	<b>\$ 7.3</b>	<b>\$ 11.5</b>	<b>\$ 10.6</b>	<b>\$ 8.5</b>	<b>\$ 6.3</b>

CONFIDENTIAL

PBC107630

# ARENA SEATING CAPACITY

OKLAHOMA CITY						
Arena Seating Capacity						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
<u>Inventory</u>						
Suites	880	696	696	696	696	696
Loge Boxes	0	240	240	240	240	240
Club Seats	3,372	2,853	2,853	2,853	2,853	2,853
Floor	452	396	396	396	396	396
Lower Bowl	6,730	6,730	6,730	6,730	6,730	6,730
Upper Bowl	7,631	7,631	7,631	7,631	7,631	7,631
Total	19,065	18,546	18,546	18,546	18,546	18,546
<u>Average Sold</u>						
Suites	880	696	696	696	696	696
Loge Boxes	0	220	220	220	220	220
Club Seats	2,137	1,857	1,857	1,756	1,756	1,756
Floor	452	396	396	396	396	396
Lower Bowl	5,600	5,600	5,600	5,600	5,600	5,600
Upper Bowl	5,500	5,500	5,500	5,500	5,500	5,500
Total	14,569	14,269	14,269	14,168	14,168	14,168
<u>% Seats Sold</u>						
Suites	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Loge Boxes	0.0%	91.7%	91.7%	91.7%	91.7%	91.7%
Club Seats	63.4%	65.1%	65.1%	61.6%	61.6%	61.6%
Floor	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Lower Bowl	83.2%	83.2%	83.2%	83.2%	83.2%	83.2%
Upper Bowl	72.1%	72.1%	72.1%	72.1%	72.1%	72.1%
Total	76.4%	76.9%	76.9%	76.4%	76.4%	76.4%

CONFIDENTIAL

PBC107631



## OPERATING REVENUES

A brief description of the major revenue sources provided in the projections is outlined below.

### **Premium Revenues:**

A renovated Ford Center is envisioned to have 7 Courtside suites, 40 luxury suites and 48 Loge Boxes. The proposed renovation plan is expected to have approximately 2,800 club seats. Ford Center currently has 56 Suites and nearly 3,400 club seats. Suite and Club Seat revenue assumptions are based on the results of market surveys and comparison of premium seat offerings at comparable arenas by CSL. Under the terms of the proposed arena lease agreement, the Team would retain 100% of all suite revenues. Suite holders would receive tickets to all Team events and other arena events.

Table 1 presents a summary of the estimated Suite and Club premium revenue that is forecasted to be generated by the Team at the renovated Ford Center. Tables 2, 3, and 4 outline the assumptions used to project premium revenues.

TABLE 1

OKLAHOMA CITY		Premium Seating Sold				
Season		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Revenues</b>						
Suites		\$6,286,500	\$10,114,700	\$10,189,500	\$10,754,500	\$10,833,900
Premiere Club Seating		\$0	\$2,343,330	\$2,343,330	\$2,277,856	\$2,277,856
Club Seating		\$4,617,282	\$4,199,457	\$4,528,575	\$4,413,911	\$4,413,911
<b>Total</b>		<b>\$10,903,782</b>	<b>\$16,657,487</b>	<b>\$17,061,405</b>	<b>\$17,446,267</b>	<b>\$17,525,667</b>
<b>Seats</b>						
Suites	880		917	917	917	917
Premiere Club Seating	0		446	446	421	421
Club Seating	2,137		1,411	1,411	1,335	1,335
<b>Total</b>	<b>3,017</b>		<b>2,774</b>	<b>2,774</b>	<b>2,673</b>	<b>2,673</b>

CONFIDENTIAL

PBC107632

TABLE 2

OKLAHOMA CITY		Suites Sold				
Season		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Suite Revenue Summary</b>						
Courtside Suites		\$0	\$2,450,000	\$2,450,000	\$2,450,000	\$2,450,000
Luxury Suites		\$6,286,500	\$5,172,000	\$5,172,000	\$5,660,000	\$5,660,000
Loge Boxes		\$0	\$2,492,691	\$2,567,471	\$2,644,495	\$2,723,830
<b>Total</b>		<b>\$6,286,500</b>	<b>\$10,114,691</b>	<b>\$10,189,471</b>	<b>\$10,754,495</b>	<b>\$10,833,830</b>
<b>Courtside Suites</b>						
Seats		0	8	8	8	8
Number		0	7	7	7	7
Utilization		100%	100%	100%	100%	100%
Premium/Suite		\$0	\$350,000	\$350,000	\$350,000	\$350,000
Revenue		\$0	\$2,450,000	\$2,450,000	\$2,450,000	\$2,450,000
<b>Luxury Suites: Concourse Level</b>						
Seats		16	16	16	16	16
Number		0	4	4	4	4
Utilization		100%	100%	100%	100%	100%
Premium/Suite		\$0	\$150,000	\$150,000	\$164,000	\$164,000
Revenue		\$0	\$600,000	\$600,000	\$656,000	\$656,000
<b>Luxury Suites: Mid-Level</b>						
Seats		16	16	16	16	16
Number		55	36	36	36	36
Utilization		100%	100%	100%	100%	100%
Premium/Suite		\$114,300	\$127,000	\$127,000	\$139,000	\$139,000
Revenue		\$6,286,500	\$4,572,000	\$4,572,000	\$5,004,000	\$5,004,000
<b>Loge Boxes</b>						
Seats (Total)		0	240	240	240	240
Number		0	48	48	48	48
Utilization		0%	92%	92%	92%	92%
Premium/Suite		\$0	\$56,650	\$58,350	\$60,100	\$61,903
Revenue		\$0	\$2,492,691	\$2,567,471	\$2,644,495	\$2,723,830

CONFIDENTIAL

PBC107633

TABLE 3

OKLAHOMA CITY							
Club Seats Sold							
% Sold	95.0%	95.0%	95.0%	95.0%	90.0%	90.0%	
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013		
Capacity							
Court	710						
Baselines	526	675	675	675	639	639	639
Corners	248	500	500	500	473	473	473
Future Loge/Cambria	1,014	236	236	236	223	223	223
Behind baskets	874	507	0	0	0	0	0
Total	3,372	2,137	1,411	1,411	1,335	1,335	1,335
GAME DAY:							
Court	0	0	0	0	0	0	0
Baselines	0	0	0	0	0	0	0
Corners	0	0	0	0	0	0	0
Future Loge/Premiere Club	0	0	0	0	0	0	0
Behind baskets	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Season Price							
FSE:			15.00%	3.00%	3.00%	3.00%	3.00%
Escalator	\$3,229	\$3,714	\$3,825.00	\$3,939.75	\$3,939.75	\$3,939.75	\$3,939.75
Court	\$2,382	\$2,739	\$3,150.00	\$3,244.50	\$3,244.50	\$3,244.50	\$3,244.50
Baselines	\$1,191	\$1,370	\$1,575.00	\$1,622.25	\$1,622.25	\$1,622.25	\$1,622.25
Corners	\$1,330						
Future Loge/Premiere Club	\$1,330	\$1,370	\$1,575.00	\$1,622.25	\$1,622.25	\$1,622.25	\$1,622.25
Behind baskets							
GAME DAY:							
Escalator		15.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Court	\$79	\$91	\$93.29	\$96.09	\$96.09	\$98.97	\$98.97
Baselines	\$58	\$67	\$68.81	\$70.88	\$70.88	\$73.00	\$73.00
Corners	\$29	\$33	\$34.41	\$35.44	\$35.44	\$36.50	\$36.50
Future Loge/Premiere Club	\$32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Behind baskets	\$32	\$33	\$34.41	\$35.44	\$35.44	\$36.50	\$36.50
Club Revenues	\$4,617,282	\$4,199,457	\$4,528,575	\$4,413,911	\$4,413,911	\$4,413,911	\$4,413,911

CONFIDENTIAL

PBC107634

TABLE 4

OKLAHOMA CITY									
Premiere Club Seats Sold									
% Sold	0.0%	90.0%	2009-2009	2009-2010	2010-2011	2011-2012	2012-2013	85.0%	85.0%
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
FSE:									
Terrace Club	0	149	149	140	140	140	140	140	140
Cambria Style	0	297	297	281	281	281	281	281	281
Total	0	446	446	421	421	421	421	421	421
Capacity									
Terrace Club	165								
Cambria Style	330								
Total	495								
GAME DAY:									
Terrace Club	0	0	0	0	0	0	0	0	0
Cambria Style	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Season Price									
FSE:									
Escalator									
Terrace Club	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00	\$7,380.00
Cambria Style	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
GAME DAY:									
Escalator									
Terrace Club	\$200	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Cambria Style	\$95	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00
Premiere Club Revenues	\$0	\$2,343,330	\$2,343,330	\$2,277,856	\$2,277,856	\$2,277,856	\$2,277,856	\$2,277,856	\$2,277,856

CONFIDENTIAL

PBC107635

# Team Ticket Revenues:

The estimated ticket revenues for the Team are a function of several assumptions including tickets sold, ticket prices and ticket mix. Tables 5 through 8 provide a breakdown in the key assumptions for floor, lower bowl and upper bowl ticket sales.

TABLE 5

OKLAHOMA CITY						
Ticket Sales						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Revenues:						
Floor Seating (Incl. Privileges)	\$9,421,800	\$7,723,170	\$8,109,329	\$8,352,608	\$8,603,187	
Lower Bowl Seating	\$15,652,058	\$16,475,850	\$17,343,000	\$17,863,290	\$18,399,189	
Upper Bowl Seating	\$6,512,440	\$6,855,200	\$7,216,000	\$7,432,480	\$7,655,454	
Total	\$31,586,298	\$31,054,220	\$32,668,329	\$33,648,378	\$34,657,830	
Tickets Sold:						
Floor Seating	452	396	396	396	396	
Lower Bowl Seating	5,600	5,600	5,600	5,600	5,600	
Upper Bowl Seating	5,500	5,500	5,500	5,500	5,500	
Total	11,552	11,496	11,496	11,496	11,496	
Average Ticket Price (Excluding Floor)	\$48.70	\$51.27	\$53.96	\$55.58	\$57.25	

CONFIDENTIAL

PBC107636

TABLE 6

OKLAHOMA CITY		Floor Seats Sold					
Season		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Floor Seats:							
1st Row		126	126	126	126	126	126
-Bunker Suite Allocation		0	-56	-56	-56	-56	-56
2nd Row-Team		16	16	16	16	16	16
2nd Row		106	106	106	106	106	106
3rd Row		204	204	204	204	204	204
Total		452	396	396	396	396	396
Pricing							
Escalator			5%	5%	3%		3%
1st Row		\$900	\$945	\$992	\$1,022	\$1,053	\$1,053
-Bunker Suite Allocation		\$900	\$945	\$992	\$1,022	\$1,053	\$1,053
2nd Row-Team		\$800	\$840	\$882	\$908	\$936	\$936
2nd Row		\$400	\$420	\$441	\$454	\$468	\$468
3rd Row		\$300	\$315	\$331	\$341	\$351	\$351
Weighted Average		\$508.41	\$475.68	\$499.47	\$514.45	\$529.88	\$529.88

CONFIDENTIAL

PBC107637

10

TABLE 7

OKLAHOMA CITY		Lower Bowl Seats Sold				
Seats Sold	Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
FSE:		Capacity				
Mid-court		1,330	1,200	1,200	1,200	1,200
Baselines		1,481	1,100	1,100	1,100	1,100
Corners		2,260	1,200	1,200	1,200	1,200
Behind baskets		1,659	1,000	1,000	1,000	1,000
Total		6,730	4,500	4,500	4,500	4,500
GAME DAY:						
Mid-court		100	100	100	100	100
Baselines		250	250	250	250	250
Corners		500	500	500	500	500
Behind baskets		250	250	250	250	250
Total		1,100	1,100	1,100	1,100	1,100
Ticket Price						
FSE:						
Escalator			5.26%	5.26%	3.00%	3.00%
Mid-court		\$90.25	\$95.00	\$100.00	\$103.00	\$106.09
Baselines		\$76.71	\$80.75	\$85.00	\$87.55	\$90.18
Corners		\$58.66	\$61.75	\$65.00	\$66.95	\$68.96
Behind baskets		\$40.61	\$42.75	\$45.00	\$46.35	\$47.74
GAME DAY:						
Escalator			5.26%	5.26%	3.00%	3.00%
Mid-court		\$103.79	\$109.25	\$115.00	\$118.45	\$122.00
Baselines		\$85.74	\$90.25	\$95.00	\$97.85	\$100.79
Corners		\$67.69	\$71.25	\$75.00	\$77.25	\$79.57
Behind baskets		\$49.64	\$52.25	\$55.00	\$56.65	\$58.35

CONFIDENTIAL

PBC107638



TABLE 8

OKLAHOMA CITY						
Upper Bowl Seats Sold						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
FSE:						
Mid-court	600	600	600	600	600	600
Baselines	200	200	200	200	200	200
Corners	500	500	500	500	500	500
Behind baskets	500	500	500	500	500	500
Total	1,800	1,800	1,800	1,800	1,800	1,800
Capacity						
918						
945						
3,698						
2,070						
7,631						
GAME DAY:						
Mid-court	200	200	200	200	200	200
Baselines	200	200	200	200	200	200
Corners	2500	2500	2500	2500	2500	2500
Behind baskets	800	800	800	800	800	800
Total	3,700	3,700	3,700	3,700	3,700	3,700
Ticket Price						
FSE:						
Escalator		5.26%	5.26%	3.00%	3.00%	3.00%
Mid-court	\$40.61	\$42.75	\$45.00	\$46.35	\$47.74	\$47.74
Baselines	\$36.10	\$38.00	\$40.00	\$41.20	\$42.44	\$42.44
Corners	\$27.08	\$28.50	\$30.00	\$30.90	\$31.83	\$31.83
Behind baskets	\$13.54	\$14.25	\$15.00	\$15.45	\$15.91	\$15.91
GAME DAY:						
Escalator		5.26%	5.26%	3.00%	3.00%	3.00%
Mid-court	\$45.13	\$47.50	\$50.00	\$51.50	\$53.05	\$53.05
Baselines	\$40.61	\$42.75	\$45.00	\$46.35	\$47.74	\$47.74
Corners	\$31.59	\$33.25	\$35.00	\$36.05	\$37.13	\$37.13
Behind baskets	\$13.54	\$14.25	\$15.00	\$15.45	\$15.91	\$15.91

CONFIDENTIAL

PBC107639



### Local Media Revenues:

These revenues include local radio, local cable television and local over the air television revenues. Inputs for the projections are based on CSL estimates.

### NBA Revenues:

NBA revenues are comprised of broadcast, properties, media ventures, playoff distributions and luxury tax distributions. Table 9 details the projected NBA revenues.

TABLE 9

OKLAHOMA CITY						
NBA Revenues						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
National Broadcasting	\$28,300,000	\$29,100,000	\$29,900,000	\$30,700,000	\$31,600,000	
NBA Luxury Tax	\$2,300,000	\$2,500,000	\$2,500,000	\$2,575,000	\$2,652,250	
NBA Revenue Assistance *	\$0	\$0	\$0	\$0	\$0	
NBA Properties	\$690,000	\$710,000	\$730,000	\$751,900	\$774,457	
NBA Media Ventures	\$3,800,000	\$3,914,000	\$4,031,420	\$4,152,363	\$4,276,933	
NBA Playoff Distributions	\$725,000	\$730,000	\$740,000	\$762,200	\$785,066	
TOTAL	\$35,815,000	\$36,954,000	\$37,901,420	\$38,941,463	\$40,088,706	
* Assumes no Revenue Assistance						

CONFIDENTIAL

PBC107640

### **Naming Rights:**

Under the terms of the proposed arena lease between the City and the Team, the Team will control the naming rights for Ford Center. The naming rights agreement is expected to have an initial term of a minimum of fifteen years, and is projected to generate \$2.0 million in revenue for the Team's first year in Oklahoma City and increasing by \$1.0 million in the second year and \$.5 million the third year and then increasing three percent per year through the remainder of the agreement.

### **Concessions (net):**

Concession revenues consist of sales of various food and beverage items at concession stands throughout the arena as well as catering offered in premium seating areas within the arena. Revenue assumptions are based on estimated turnstile attendance and average concession spending per attendee. Tables 10 and 11 summarize estimated average game attendance and spending.

For purposes of this analysis, it was assumed that the Team would receive between 40% and 42% of the net general concession revenue, 12.5% of Club Seat and 25-30% of Suite catering revenues for all Team events.

CONFIDENTIAL

PBC107641

TABLE 10

OKLAHOMA CITY						
Attendance						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Number of Events	41	41	41	41	41	
Per Game Sold (Lower, Upper)	11,100	11,100	11,100	11,100	11,100	
Per Game Sold (Courtside Suites)	-	56	56	56	56	
Per Game Sold (Luxury Suites)	880	640	640	640	640	
Per Game Sold (Loge Boxes)	-	220	220	220	220	
Per Game Sold (Courtside Seats)	452	396	396	396	396	
Per Game Sold (Club)	2,137	1,857	1,857	1,756	1,756	
Total Paid Attendance	14,569	14,269	14,269	14,168	14,168	
Per Game Comp Distributed	2,500	2,500	2,500	2,500	2,500	
Total	17,069	16,769	16,769	16,668	16,668	
Show percentage (General)	85.0%	85.0%	85.0%	85.0%	85.0%	
Show percentage (Courtside Suites)	90.0%	90.0%	90.0%	90.0%	90.0%	
Show percentage (Luxury Suites)	90.0%	90.0%	90.0%	90.0%	90.0%	
Show percentage (Loge Suites)	90.0%	90.0%	90.0%	90.0%	90.0%	
Show percentage (Courtside Seats)	98.0%	98.0%	98.0%	98.0%	98.0%	
Show percentage (Club)	80.0%	80.0%	80.0%	80.0%	80.0%	
Show percentage Game Comp	50.0%	50.0%	50.0%	50.0%	50.0%	
Per Game Attendance (General)	9,435	9,435	9,435	9,435	9,435	
Per Game Attendance (Courtside Suites)	0	50	50	50	50	
Per Game Attendance (Luxury Suites)	792	576	576	576	576	
Per Game Attendance (Loge Suites)	443	198	198	198	198	
Per Game Attendance (Courtside Seats)	1,710	1,485	1,485	1,405	1,405	
Per Game Attendance (Club)	1,250	1,250	1,250	1,250	1,250	
Per Game Attendance Comp.	13,630	13,382	13,382	13,302	13,302	
Total Game Attendance						

TABLE 11

OKLAHOMA CITY						
Per Caps:						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Price Escalator:		3.00%	3.00%	3.00%	3.00%	
Luxury Suites:Mid-level		\$				0.00%
Per Game (General)	\$7.75	\$8.75	\$9.00	\$9.20	\$9.40	
Per Game (Courtside Suites)	\$61.27	\$63.11	\$65.00	\$66.90	\$68.90	
Per Game (Luxury Suites)	\$61.27	\$63.11	\$65.00	\$66.90	\$68.90	
Per Game (Loge Suites)	\$28.28	\$29.13	\$30.00	\$30.90	\$31.80	
Per Game (Courtside Seats)	\$14.14	\$14.56	\$15.00	\$15.40	\$15.80	
Per Game (Club)	\$10.00	\$14.56	\$15.00	\$15.40	\$15.80	
Per Game Comp.	\$7.75	\$7.90	\$8.10	\$8.30	\$8.50	

CONFIDENTIAL

PBC107642

### **Sponsorships and Founding Sponsors Revenues:**

Sponsorship and advertising revenues are derived from the sale of all fixed building signage and basketball game day inventory related to scoreboards, scorer's table, all concourses, interior and exterior fascia, courtside, vomitories, outdoor marquee displays, clubs, restaurants and bars. First year Sponsorships are estimated at \$9.5 million and are assumed to increase 3% a year thereafter.

### **State Economic Incentive Revenues:**

State Economic Incentive revenues are payments to the Team by reason of the creation of new jobs in Oklahoma.

## **OPERATING EXPENSES**

A brief description of each major source of operating expense for the Team is provided below.

### **Salaries, Wages and Benefits:**

Salary and wage estimates are based on current staffing levels and local wage characteristics. Estimated salaries and wages account for full- and part-time management and operating staff. Team management salaries reflect current Team costs and are escalated 3% per year. Player Salaries reflect current levels and are inflated 5-6% per year. Benefits have been escalated by an additional 4% over the increase in base salaries.

Table 12 provides a summary of projected staff, team and Player expenses.

TABLE 12

OKLAHOMA CITY						
Salaries and Benefits						
Season	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Salaries:						
Staff	\$7,136,000	\$7,279,000	\$7,425,000	\$7,574,000	\$7,726,000	
Team Operations	\$8,578,000	\$8,750,000	\$8,925,000	\$9,104,000	\$9,287,000	
Players	\$63,193,000	\$66,403,000	\$70,388,000	\$74,613,000	\$79,091,000	
-Escrow	(\$5,000,000)	(\$5,300,000)	(\$5,618,000)	(\$5,956,000)	(\$6,314,000)	
Net Player	\$58,193,000	\$61,103,000	\$64,770,000	\$68,657,000	\$72,777,000	
% Players Change		5.00%	6.00%	6.00%	6.00%	
Benefits:						
Staff & Team Mgmt	26.32%	27.37%	28.47%	29.61%	30.79%	
Players	9.02%	9.38%	9.76%	10.15%	10.55%	
Escalator	4%	4%	4%	4%	4%	
Benefits:						
Staff & Team Mgmt	\$4,136,035	\$4,387,703	\$4,654,594	\$4,937,890	\$5,238,557	
Players	\$5,249,142	\$5,732,096	\$6,319,142	\$6,966,304	\$7,679,715	
Total	\$9,386,000	\$10,120,000	\$10,974,000	\$11,905,000	\$12,919,000	

CONFIDENTIAL

PBC107644

# Other Expenses:

Other expenses incurred by the Team include general and administrative expenses, practice facility rent, selling and promotional, arena rent, insurance and other such expenses. These expenses have been increased by 2.0% per year.

Team Operations expenses are assumed to increase 2% per year.

Table 13 provides a summary of key assumptions for other expenses.

TABLE 13

OKLAHOMA CITY		Key Assumptions for Other Expenses					
Season		2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Operating Expenses:	Escalator						
Practive Facility	2.0%	\$200,000	\$202,000	\$205,000	\$208,000	\$211,000	
Arena Rent	0.0%	\$1,770,000	\$1,770,000	\$1,770,000	\$1,770,000	\$1,770,000	
Advertising & Promotion	2.0%	\$1,010,000	\$1,031,000	\$1,052,000	\$1,074,000	\$1,096,000	
Insurance	2.0%	\$375,000	\$383,000	\$391,000	\$399,000	\$407,000	
G&A:							
Broadcast Production	2.0%	\$210,000	\$215,000	\$220,000	\$225,000	\$230,000	
Office Supplies	2.0%	\$239,000	\$244,000	\$249,000	\$254,000	\$260,000	
Printing	2.0%	\$421,000	\$430,000	\$439,000	\$448,000	\$457,000	
Professional Services	2.0%	\$418,000	\$427,000	\$436,000	\$445,000	\$454,000	
Services	2.0%	\$533,000	\$544,000	\$555,000	\$567,000	\$579,000	
Taxes	2.0%	\$123,000	\$126,000	\$129,000	\$132,000	\$135,000	
Team Game Expenses	2.0%	\$591,000	\$603,000	\$616,000	\$629,000	\$642,000	
Telephone	2.0%	\$233,000	\$238,000	\$243,000	\$248,000	\$253,000	
Travel & Entertainment	2.0%	\$862,000	\$880,000	\$898,000	\$916,000	\$935,000	
Other	2.0%	\$1,473,000	\$1,503,000	\$1,534,000	\$1,565,000	\$1,597,000	
Total G&A		\$5,103,000	\$5,210,000	\$5,319,000	\$5,429,000	\$5,542,000	

# **EXHIBIT 2**



# SEATTLE SUPERSONICS ARENA PROJECT KEY FACTS AND MESSAGES

January 3, 2007

CONFIDENTIAL

DEFENDANT'S  
EXHIBIT

CASE NO. C07-1620MJP

EXHIBIT NO. 541



# CONTENTS

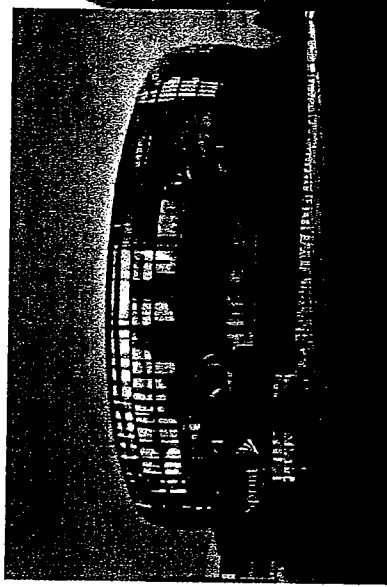
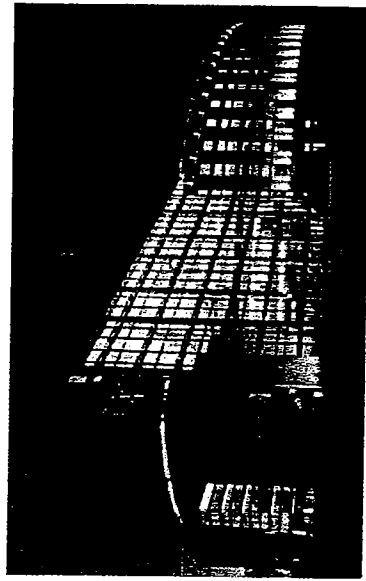
- Why a New Arena?
- How Much Will it Cost?
- What are the Funding Sources?
- How Should the Arena be Operated?
- What are the Potential Deal Structures?
- What Other Issues Need to be Considered?
- Recommended Messages



CONFIDENTIAL

# WHY A NEW ARENA?

- Seattle Area needs a 21<sup>st</sup> Century Indoor Entertainment Venue
- Key Arena Not Viable as Long Term Solution
- Window is now to Solve Entertainment Center Need & Retain NBA / WNBA as Anchor Tenant
- Create Opportunity for NHL Tenant
- College Athletics could include NCAA Tourneys
- Available for Convention Center Use
- National and International Concert Tours
- Circuses, Family Shows, etc.



CONFIDENTIAL

# HOW MUCH WILL IT COST?

	Bellevue	Renton
Arena Land Cost	\$38,200,000	\$23,530,000
Arena Design and Construction	\$307,272,000	\$283,272,000
Arena Systems and Equipment	\$30,500,000	\$30,500,000
Other Arena Costs		
(Including Contingency)	\$23,433,500	\$20,306,850
Total Arena	\$399,405,500	\$357,608,850



CONFIDENTIAL

# HOW MUCH WILL IT COST?

(CONT.)

	Bellevue	Renton
Parking Land Cost	\$26,300,000	\$12,780,000
Parking Design and Construction	\$62,500,000 (2,400 Spaces)	\$131,250,000 (5,000 Spaces) (Ind. Contingency)
Other Development Costs	\$20,000,000	\$20,000,000
Total Parking and Other Development Costs	\$108,800,000	\$164,030,000
	Bellevue	Renton
Total Project Costs	\$508,205,500	\$521,638,850



CONFIDENTIAL

# WHAT ARE THE FUNDING SOURCES?

- King County Tax Revenues
  - Requires State Legislature to Authorize Use
  - Requires County Action to Allocate
  - Other Interests Desire Same Revenue Sources
  - Sales Tax Credit
  - Restaurant Tax
  - Hotel / Motel Tax
  - Rental Car Tax
- Tenant Contributions
  - Equity Contribution
  - Rent / COI
  - Admissions Tax / Parking



CONFIDENTIAL

# WHAT ARE THE FUNDING SOURCES?

(CONT.)

- City Contributions - Previously Discussed
  - Bellevue: Parking Land and Structures and Connector to Downtown (\$119M)
  - Renton: Land for Arena and Parking (\$36M)
- City Contributions – Additional Requests
  - Bellevue: Arena Land / Convention Center Funding?
  - Renton: Parking Structures / Other Infrastructure?



CONFIDENTIAL

# HOW SHOULD THE ARENA BE OPERATED?

- First Option: NBA Team Affiliate as Operator
  - All Arena Revenues Accrue to Team or Team Affiliate
  - Team Affiliate Covers all Arena Operating Expenses
  - Team Affiliate Must Cover Arena Operating Losses, and Retains any Operating Income
  - Potential Increase of \$10M-\$15M Combined Net Operating Income
- Second Option: PFD / City As Operator
  - Team Receives Scheduling Priority
  - All Team Related Revenues Accrue to Team
  - Team Also Receives All or Most Naming Rights, Founding Sponsorships, Premium Seating
  - Team Contributes Only Operating Expenses Directly Related to Team's Events
  - PFD / City Covers Operating Losses and Retains Operating Income
  - Potential for Greater Increase in Team Net Operating Income based on Assumption that Arena Would incur Losses
  - No Rental Payment



CONFIDENTIAL

# WHAT ARE POTENTIAL DEAL STRUCTURES?

- Public Building / Public Developer
  - Owned by Public Arena Authority
  - Developed by Authority with Input / Approval from NBA Anchor Tenant
  - Public Responsible for Cost Overruns
  - NBA Tenant Might Accept Certain Overrun Risks in Exchange for Specific Project Design and Construction Controls
- Public Building / Private Developer
  - Owned by Public Arena Authority
  - Developed by Tenant with Oversight by PAA
  - NBA Tenant Responsible for Cost Overruns
- Private Building / Private Developer
  - Owned by Private Entity
  - Developed by Private Entity
  - Arena Could be Depreciable Asset for Tax Purposes assuming it is subject to Property or Leasehold Tax
  - Not Financially Viable in Seattle market



CONFIDENTIAL



# WHAT OTHER ISSUES NEED TO BE CONSIDERED?

- Status of Key Arena Lease Assuming New Arena Deal
  - City of Seattle May Seek Compensation
  - Sonics May Need Extension (1-2 years)
  - Opportunity to Seek Short Term Lease Adjustments?
- Potential for Public Vote Requirement
  - Unclear Whether State or County Will be Willing to Act Without Public Vote
  - If Public Vote is Required, Public Support Should also be a Precondition, i.e., Not a Referral without Recommendation
- Property Tax and Leasehold Interest Tax
  - Legislation Can Provide that Neither Property Tax nor Leasehold Interest Tax Would Apply to Arena Operator



CONFIDENTIAL

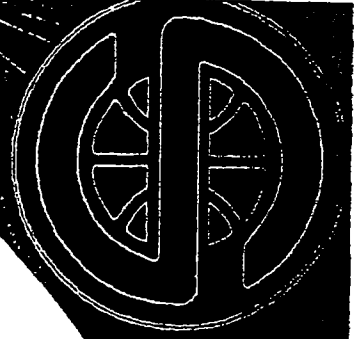
# WHAT OTHER ISSUES NEED TO BE CONSIDERED?

(CONT.)

- Possibility of Relocation
  - Clearly No Obligation for Sonics to Remain after End of 2010 Season
  - If No Deal for a New NBA Arena that Would be Available after 2010, Team Would Need to Begin Relocation Discussions
- Aspects of Public/Private Arena Deal
  - Public Disclosure of Arena Financial Information Would Certainly be Required, and Public Disclosure of Team Financials is Likely to be Requested
  - Public Representatives Could seek Profit Share on Sale of Team
  - Public Use of Arena for Civic Events, Conventions and/or Charitable Activities
  - Both Development and Operation of Arena Could Require Prevailing Wage, Labor Concessions, etc.



CONFIDENTIAL



# RECOMMENDED MESSAGES

- PBC Offers to Participate in Public/Private Development of 21<sup>st</sup> Century Arena
  - PBC Contribution Commensurate with Recent New Public NBA Arenas
    - Approx. \$50 million (Cash and/or Rent)
    - County Tax Revenues – Approx. \$250 million
    - Funding Gap Could be \$100 million or more
- Governor Must Show Leadership with State, County and City Authorities
  - Help Maximize Arena Funding Capacity from County Tax Revenues
  - Seek County and City Support to Bridge Funding Gap
  - Support Arena Development Without Public Vote
  - Support PBC in Renegotiating Key Arena Lease



CONFIDENTIAL

# RECOMMENDED MESSAGES

(CONT.)

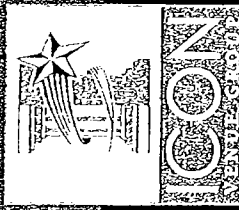
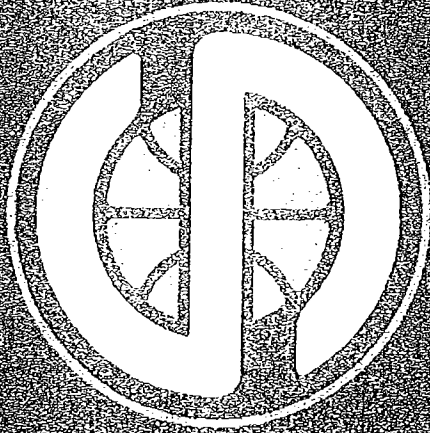
- PBC Willing to Act as Arena Developer
  - Arena Developer Responsible for Design and Construction
  - Arena Developer to Cover Related Cost Overruns
  - Public Arena Authority to Exercise Oversight but not Control
  - County, City or PAA Responsible for Land Acquisition and Off-site Infrastructure, including Parking
- PBC Willing to Act as Arena Operator
  - Arena Operator Responsible for all Arena Operating Expenses
  - Arena Operator to Pay PAA Rent or Share of Arena Revenues in Support of Funding Obligation
  - Admissions Tax Possible Source of Funding for Capital Repairs and Improvements
  - Arena Operations to be Exempt from Property Tax and Leasehold Interest Tax
  - Only Arena Operator's Financial Statements Required to be Publicly Disclosed, not NBA Team Financials



CONFIDENTIAL

# **EXHIBIT 3**

PRIVATE AREA



DEFENDANT'S  
EXHIBIT

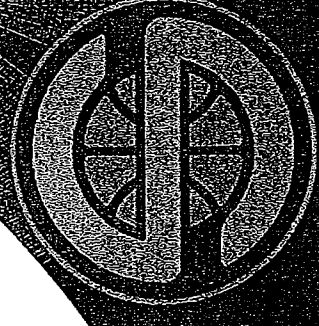
CASE NO. C07-1620MJP

EXHIBIT NO. 503

PBC\_14405

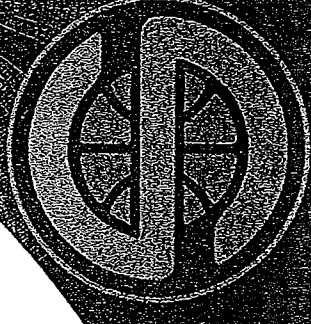
# Key Assumptions

- Site: Renton, with Boeing Parking
- Open: 2010-2011 Season
- Funding: 100% Private
- Capital Structure: \$100 MM Equity, \$340MM Debt
- Debt: Term 25 Years, Rate 7%



# Summary Results

- 10 Year EBITDA: \$55 MM
- 10 Year Debt Service:\$327 MM
- 10 Year Net Cash Flow: (\$284 MM)
- 10 Year Net Investment: (\$384 MM)
- IRR: Negative, excludes value of tax losses





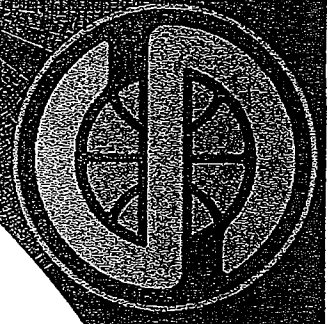
# Summary 10 Year Financials

Pro-Forma Financials (Dollars in Millions)	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Operating Revenue</b>										
Team Ticket Revenues	\$ 7.8	\$ 7.9	\$ 7.8	\$ 8.0	\$ 7.9	\$ 8.2	\$ 8.2	\$ 8.2	\$ 8.3	\$ 8.5
Local Media	\$ 48.9	\$ 50.4	\$ 51.6	\$ 53.0	\$ 54.3	\$ 55.8	\$ 56.9	\$ 58.4	\$ 60.2	\$ 61.8
NBA Revenues	\$ 10.0	\$ 10.3	\$ 10.7	\$ 11.1	\$ 11.5	\$ 11.9	\$ 12.3	\$ 12.7	\$ 13.1	\$ 13.5
Advertising Revenue	\$ 46.4	\$ 45.6	\$ 47.3	\$ 48.9	\$ 50.6	\$ 52.4	\$ 54.3	\$ 56.2	\$ 58.2	\$ 60.2
Concession Net	\$ 10.5	\$ 10.9	\$ 11.3	\$ 11.7	\$ 12.1	\$ 12.5	\$ 12.9	\$ 13.3	\$ 13.7	\$ 14.2
Merchandise (net)	\$ 4.5	\$ 4.6	\$ 4.7	\$ 4.8	\$ 4.9	\$ 5.1	\$ 5.2	\$ 5.3	\$ 5.5	\$ 5.6
Restaurant & Bar (Net)	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
Parking	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Ticket Surcharge	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.4
Naming Rights	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1
Founding Sponsors	\$ 4.0	\$ 4.1	\$ 4.3	\$ 4.4	\$ 4.5	\$ 4.7	\$ 4.8	\$ 5.0	\$ 5.1	\$ 5.3
Event Income (Non Team)	\$ 5.0	\$ 5.2	\$ 5.4	\$ 5.6	\$ 5.8	\$ 6.1	\$ 6.3	\$ 6.5	\$ 6.8	\$ 7.1
Other Corporate Rental (Box Office Rebates, etc.)	\$ 2.6	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.2	\$ 3.3
Miscellaneous Revenue	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
<b>Total Operating Revenue</b>	<b>\$ 146.2</b>	<b>\$ 148.3</b>	<b>\$ 152.5</b>	<b>\$ 157.2</b>	<b>\$ 161.6</b>	<b>\$ 167.4</b>	<b>\$ 171.9</b>	<b>\$ 178.9</b>	<b>\$ 185.5</b>	<b>\$ 191.2</b>
<b>Operating Revenue Growth</b>		1%	3%	3%	3%	4%	3%	4%	4%	3%
<b>Operating Expense</b>										
Staff Salaries	\$ 19.4	\$ 20.1	\$ 20.8	\$ 21.5	\$ 22.3	\$ 23.1	\$ 23.9	\$ 24.8	\$ 25.6	\$ 26.6
Team Salaries	\$ 70.5	\$ 73.7	\$ 77.0	\$ 80.5	\$ 84.1	\$ 87.9	\$ 91.8	\$ 95.9	\$ 100.3	\$ 104.8
Benefits	\$ 11.2	\$ 12.1	\$ 13.1	\$ 14.1	\$ 15.2	\$ 16.5	\$ 17.8	\$ 19.2	\$ 20.7	\$ 22.4
Team Operations	\$ 6.0	\$ 6.3	\$ 6.6	\$ 6.9	\$ 7.3	\$ 7.6	\$ 8.0	\$ 8.4	\$ 8.8	\$ 9.3
NBA Tax	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.7
Utilities	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2
Co-generation (HVAC)	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 1.9
General and Administrative	\$ 10.3	\$ 10.6	\$ 10.9	\$ 11.1	\$ 11.4	\$ 11.7	\$ 12.0	\$ 12.4	\$ 12.7	\$ 13.0
Maintenance and Repair	\$ 0.4	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
Insurance	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.2	\$ 2.3
Management Fee	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.6	\$ 3.7	\$ 3.8	\$ 3.9	\$ 4.1
Selling and Promotional Expenses	\$ 2.2	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9
Business & Occupation Taxes	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2
Rent	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2
Property Tax	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3
<b>Total Operating Expense</b>	<b>\$ 131.3</b>	<b>\$ 137.0</b>	<b>\$ 143.0</b>	<b>\$ 149.2</b>	<b>\$ 155.8</b>	<b>\$ 162.7</b>	<b>\$ 169.8</b>	<b>\$ 177.4</b>	<b>\$ 185.4</b>	<b>\$ 193.7</b>
<b>Operating Expense Growth</b>		4%	4%	4%	4%	4%	4%	4%	4%	4%
<b>EBITDA</b>	<b>\$ 14.8</b>	<b>\$ 11.3</b>	<b>\$ 9.5</b>	<b>\$ 8.0</b>	<b>\$ 5.8</b>	<b>\$ 4.7</b>	<b>\$ 2.1</b>	<b>\$ 1.5</b>	<b>\$ 0.1</b>	<b>\$ (2.5)</b>



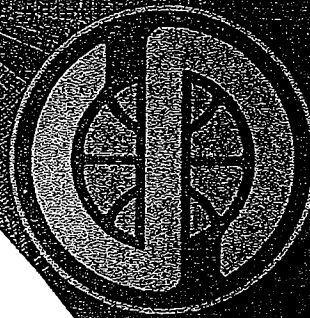
# Summary 10 Year Financials

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
<b>Debt Service</b>									
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ (23.4)	\$ (22.5)	\$ (21.5)	\$ (20.5)	\$ (19.6)	\$ (18.6)	\$ (17.7)	\$ (16.7)	\$ (15.8)
Principal Payment	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)	\$ (13.6)
Ongoing CapX	\$ -	\$ -	\$ (0.8)	\$ (1.0)	\$ (1.2)	\$ (1.4)	\$ (1.6)	\$ (1.8)	\$ (2.0)
Change in NWC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Estimated Cash Flow</b>	\$ (22.2)	\$ (24.8)	\$ (26.4)	\$ (27.2)	\$ (28.6)	\$ (29.0)	\$ (30.8)	\$ (30.7)	\$ (31.3)
<b>Distributions</b>									
Cash Balance	\$ (22.2)	\$ (47.0)	\$ (73.4)	\$ (100.6)	\$ (129.2)	\$ (156.1)	\$ (189.0)	\$ (219.7)	\$ (251.0)
									\$ (284.1)



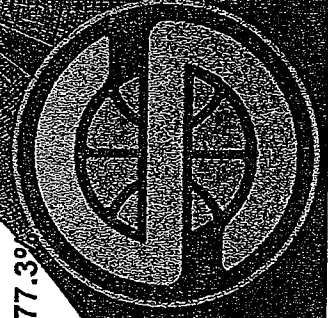
# Summary 10 Year Financials

Equity Return	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Benefit (Liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated Cash Flow	\$ (22.2)	\$ (24.8)	\$ (26.4)	\$ (27.2)	\$ (28.6)	\$ (29.0)	\$ (30.8)	\$ (30.7)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)	\$ (31.3)
Net Cash Flows	\$ (122.2)	\$ (147.0)	\$ (173.4)	\$ (200.6)	\$ (229.2)	\$ (258.1)	\$ (289.0)	\$ (319.7)	\$ (351.0)	\$ (384.1)	\$ (419.1)	\$ (456.1)	\$ (495.1)	\$ (536.1)	\$ (579.1)	\$ (624.1)	\$ (671.1)	\$ (720.1)	\$ (771.1)	\$ (824.1)	\$ (879.1)
IRR	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Cumulative Cash Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Simple Cash Return on Investment	-22.2%	-24.8%	-26.4%	-27.2%	-28.6%	-29.0%	-30.8%	-30.7%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%	-31.3%
Cumulative Simple Cash Return on Investment	-22.2%	-47.0%	-73.4%	-100.6%	-129.2%	-158.1%	-189.0%	-219.7%	-251.0%	-284.1%	-319.1%	-356.1%	-395.1%	-436.1%	-479.1%	-524.1%	-571.1%	-620.1%	-671.1%	-724.1%	-779.1%



# Funding Summary

FUNDING	Renton	
	Base	%
TOTAL DEVELOPMENT BUDGET	\$ 440,043,853	100.0%
STATE	\$ -	0.0%
Funding Required	\$ 440,043,853	100.0%
Sound Transit	\$ -	0.0%
Local Municipality	\$ -	0.0%
Funding required	\$ 440,043,853	
Team	\$ 100,000,000	22.7%
Development Land	\$ -	
Total Team Equity	\$ 100,000,000	22.7%
Debt	\$ 340,043,853	77.3%



# Summary Site Arena Costs

ARENA, PARKING LAND ACQUISITION & SITE DEVELOPMENT	\$39,712,000
DESIGN/PROFESSIONAL SERVICES	\$18,295,544
PROJECT ADMINISTRATION	\$9,228,953
CONSTRUCTION	\$252,584,000
CONSTRUCTION: PARKING	\$57,500,000
OTHER DEVELOPMENT	\$10,000,000
SYSTEMS & EQUIPMENT	\$30,500,000
PERMITS, TESTING, FEES, TAXES & OTHER	\$3,688,626
SUB TOTAL	<u>\$420,953,997</u>
PROJECT CONTINGENCY(5%)	\$19,089,856
TOTAL	<u>\$440,043,853</u>

